

## REMARKS

The pending claims 1 - 13, rejected for various reasons, have been cancelled. Two new independent claims - Claims 14 and 22 - are presented here along with new dependent claims.

### § 103 Rejections

Claims 1 - 4, 7, 8, and 10 - 13 have been rejected under § 103 based on Kepecs (U.S. 6,009,411) in view of Williams et al (U.S. 6,075,971; "Williams").

New independent claim 14 recites these limitations for the claimed method:

- connecting the point of sale terminal to the host system in an initial split dial-up
- delaying initially connection of the point-of-sale terminal to the payment processing system
- following determination of applicable discounts, connecting the point-of-sale terminal to the payment processing system
- determining the applicability of discounts, the determining not done by the consumer

New independent claim 22 recites these limitations for the claimed system:

- connection apparatus for an initial split connection connecting the point of sale terminal to the host system in an initial split dial-up
- the connection apparatus used to first place the point of sale in communication with the host system and then, later in time, to place the point of sale in communication with a payment processing system

Kepecs has no teaching or suggestion of a split dial-up as claimed herein. The text of Kepecs cited in the Office Action as disclosing an initial split connection ["(see at least col. 10 lines 19 - 67)"] does not disclose a split connection as claimed nor the delay in connecting the point-of-sale terminal to the payment processing system as now claimed herein. Also, Williams has no teaching or suggestion of such a split dial-up with the claimed delay.

Applicants note that Kepecs requires selection of discount(s) by a consumer prior to a transaction. Applicants also assert that Kepecs neither teaches nor suggests a system as now claimed herein in which discounts are applied automatically at the time of a transaction at a vendor location without action or selection by or awareness of a consumer.

Williams does not remedy the deficiencies of Kepecs. Williams deals only with coupons that are provided to a user which then must be presented to a seller when a purchase is made. Williams requires that coupons be printed and provided to a user. Then the user must present the coupon to obtain the benefit of the discount represented by the coupon. In the method of new claim 14, the consumer does not present anything; the consumer does not apply the discount.

Applicants incorporate here all the remarks about the cited references from the previously filed Response To Office Action Mailed 09/10/04.

### § 103 Rejection

Claims 5 - 6 and 9 have been rejected under § 103 based on Kepecs in view of Williams and Hoffman (U.S. 5,297,026). This rejection is respectfully traversed.

Applicants repeat here the comments above regarding new Claim 14, the Kepecs reference, and the Williams reference. Hoffman does not remedy the deficiencies of Kepecs and of Williams.